

Municipal Services Commission
Monthly Meeting
November 25, 2019 – 4:00 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4:00 p.m. with Dr. Roy Sippel, Commissioner, presiding.

Present: Dr. Roy J. Sippel, Commissioner, President
Daniel F. Knox, Commissioner
Dr. Allen Hansen, Commissioner
Pamela A. Patone, Secretary
Michael Quaranta, Mayor of City of New Castle (arrived 5:33pm departed 6:15pm)

Staff in Attendance: Treasurer Mary Jane Stubbs; Tara French, Manager, Accounting & Customer Service Department; Jay Guyer, Manager, Water Department; Scott Blomquist, Manager, Electric Department

Minutes – A motion was made and seconded to approve the minutes for the October 17, 2019 meeting. The motion was approved. A motion was made and seconded to approve the minutes for the October 17, 2019 executive session. The motion was approved.

Treasurer's Report – Treasurer Stubbs reporting

Ms. Stubbs reported a total operating cash balance of \$2,426,889.21. PNC escrow and meter deposit total in the amount of \$741,012.70. Total cash balance is \$3,167,901.99. Total investments are \$1,193,373.18. Water Department Manager Jay Guyer reviewed the bank statements for the month. Ms. Stubbs answered his questions satisfactorily. The accounts payable check register is attached to Treasurer Stubbs' report.

A motion was made and seconded to approve the disbursements as presented. The motion was approved.

Accounting and Customer Service Department Report – Ms. French reporting
(See attached report.)

Secretary Patone reported Mayor Quaranta called prior to the start of the meeting and advised he had four items he would like to discuss with the Commission. 1) LED lights being utilized for street lights 2) coordinating undergrounding utilities with the City's Delaware Street paving project 3) Electric Vehicle charging locations 4) Safety Tips for outside holiday lights. He asked Secretary Patone to make the Commission aware of the items in advance of his arrival.

Discussion ensued regarding electric vehicles, the three levels of chargers and management's desire to develop a rebate program. Mr. Blomquist stated most electric vehicles have a standard charger, yet TESLA has their own. Commissioner Knox inquired about who is responsible for the expense of electric supplying a community charging lot. Mr. Blomquist stated it is similar to fueling your car, the operator of the vehicle must pay to charge the same as they would for fuel. Secretary Patone stated in other states, communities absorb the charge. None of DEMEC's members offer free charging stations at this time.

Municipal Services Commission Meeting Minutes
November 25, 2019

Electric Department Report – Mr. Blomquist reporting
(See attached report.)

Water Report – Mr. Guyer reporting
(See attached report.)

In addition to Mr. Guyer's report the following Water Department items were discussed:

Vessel # 1 Carbon Change Out – Mr. Guyer will track the cost associated so MSC can prepare.

ATSDR Testing in New Castle County – Secretary Patone stated a Webcast will be done for the community.

School Lane Well Rehabilitation – Mr. Guyer stated he learned of additional costs for rehabbing the School Lane Well that he did not have time to discuss with Secretary Patone prior to the Commission meeting. In the interest of moving the well rehab forward, Mr. Guyer discussed the added costs associated with using a stronger acid for the chemical rehabilitation. This would add \$1,490.00 to the total approved amount of the rehab, which would increase the total cost to \$28,500.00. Discussion ensued regarding details of the well. Secretary Patone and Mr. Guyer will discuss further and a decision will be made.

Secretary Patone stated Treasurer Stubbs and Ms. French give input on the Five Year Capital Budget. Secretary Patone stated Mr. Blomquist and Mr. Guyer have been getting quotes, etc. and she anticipates they present each line item at the next Commission meeting. Dr. Hansen asked for clarification on financials regarding the underground electric project in Van Dyke Village. Discussion ensued regarding financials. Discussion ensued regarding I.T. expenses possibly increasing.

Ms. Stubbs, Ms. French, and Messrs. Blomquist and Guyer were thanked and excused from the meeting.)

Secretary's Report – Secretary Patone reporting

DEMEC – Secretary Patone and President Sippel attended the DEMEC meeting on November 19, 2019. Secretary Patone reported the Executive Committee cancelled their meeting. The Audit Committee reviewed the Third Quarter Financial Statement Investments Report, as well as the changes the Audit Committee would like to make in regards to becoming a Financial Advisory Committee. Secretary Patone anticipates this will be presented during the December or January Board meeting for approval. Bond Counsel was given approval last month to do a refunding of 2011 bonds, however while gathering the necessary information to do so, the interest rates changed. It's no longer as beneficial to refund at this moment. If interest rates improve in the future, the Bond Counsel will be prepared to make the change at that time. Pat McCullar & Kimberly Schlichting have a meeting scheduled with Scott Raze of Delmarva Power to discuss Middletown's Transmission Line.

Secretary Patone reported six DEMEC lineman are attending "Light up Navajo." DEMEC has identified land to consider for the joint lineman training yard. Lineman training will be provided at this facility. DEMEC presented their Operating Budget in detail, an anticipated rate decrease nearing 1% is expected. Secretary Patone will provide MSC's financial consultant this information for rate design. Secretary Patone stated Personnel Budget was discussed in Executive Session. The next DEMEC meeting will be held on December 3, 2019.

Cyber Security

Secretary Patone has signed off on the disaster recovery device which will be installed and tested.

ATSDR – Secretary Patone plans to attend the community meeting when it takes place.

Old Business

Ordinance changes regarding Cohen Law Underground will go in front of City Council at the December 2019 City Council Meeting.

A motion was made and seconded to enter executive session at 5:13 p.m.

A motion was made and seconded to enter general session at 5:33 p.m.

Mayor Michael Quaranta arrived to the meeting.

The Mayor stated he would like the burying of electric services on Delaware Street along with Delmarva's gas line project if possible. Secretary Patone stated MSC reviewed the possibility of placing services underground on Delaware Street previously and will be revisiting now that Delmarva Gas will be excavating Comcast has been cooperative with converting their services from aerial to underground, however, Verizon has not been willing to do so without the City bearing the cost. Secretary Patone stated the MSC hired Cohen Law to assist with how to improve ordinances to promote the undergrounding of utilities and this will be put forth in front of Council at the December meeting. Discussion ensued regarding Verizon's stance on going underground.

There was additional discussion of MSC considering placing conduits in during Delmarva's project on Delaware St. Secretary Patone will discuss with Mr. Blomquist all possibilities of moving this initiative along in some way. Dr. Hansen inquired on Delmarva's time frame of the installation of gas lines on Delaware St. Secretary Patone stated she believes January-April of 2020 is the time frame. The Mayor in willing to provide any help he can provide. Secretary Patone stated MSC's objective as utility is to address reliability issues, which is the reason Van Dyke's electric is going underground currently. She reminded all the overall plan is to convert aerial to underground throughout the community and this is included in MSC's Comprehensive Plan.

The Mayor recommended MSC provide safety tips to residents on electric holiday decorations. Secretary Patone stated MSC will include tips in the MSC newsletter that goes out in December of 2019. There was discussion regarding converting street lights to LED bulbs in the City of New Castle. Secretary Patone stated MSC does replace street lights with LED bulbs as they need to be replaced. Secretary Patone stated she will gather information on when this motion was approved by Commissioners to provide to the Mayor.

Discussion ensued regarding LED bulbs which are offered to MSC customers by Efficiency Smart. LED lightbulbs are sold at the Arsenal located at 30 Market St. in New Castle, for 99 cents per bulb. There is a larger inventory on the Efficiency Smart website for MSC customers at various prices. The Mayor stated he will work on getting word out about the LED bulbs to the City residents.

Municipal Services Commission Meeting Minutes
November 25, 2019

The Mayor stated he has an interest in the City of New Castle having a community charging station for electric vehicles. Electric vehicle owners are provided with an at home charger, yet the Mayor would like to offer a more efficient charging station as electric vehicles are getting more pervasive. Secretary Patone stated there's a need to understand if there are enough electric vehicles within the community to warrant any rebate for higher voltage outlets. She encourages customers to get in touch with MSC to see what the interest in the community is. Discussion ensued regarding a community charging station. Secretary Patone stated she will begin exploring.

There was discussion regarding safety concerns regarding the wires on the charger for some electric vehicles in the community. Dr. Hansen stated he has seen wires stretching across sidewalks which can be a danger to the public. The Mayor stated sidewalks are the responsibility of the homeowner, are not owned by the City. The curb is where the responsibility of the City begins.

The Mayor stated that Shelia Shannon was appointed to the Tree Committee. Shelia is retiring from Tide Water Utilities. The Mayor welcomes any help or advice from the Commission.

Mayor Quaranta excused himself from the meeting.

A motion was made and seconded to enter executive session at 6:15 p.m.

Commissioners returned to general session at 6:26 p.m.

A motion was made and seconded to approve the staff bonus as discussed in executive session. The motion was approved.

A motion was made and seconded to approve the proposed organizational chart. The motion was approved.

The Commissioners requested the financial statement presentation be provided in one document with one summary. Secretary Patone agreed.

Next Meeting

Commissioners set the next monthly Board meeting to be December 19, 2019 4:00 p.m., at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

Adjournment

A motion was made and seconded to adjourn the meeting. The motion received unanimous approval. The meeting was adjourned at 6:34 p.m.

Michele R. Grussemeier
Michele R. Grussemeier, Stenographer

Approved: *Carroll A. Patone*
(Minutes transcribed from recording)

MUNICIPAL SERVICES COMMISSION

CITY OF NEW CASTLE, DELAWARE 19720-0208

P.O. BOX 208

<http://newcastlemsc.delaware.gov/>

Office: 302 323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

Accounting & Customer Service Department Meeting Report

November 25, 2019

Prepared By: Tara French on November 18, 2019

- **Billing / Customer Service**

The Customer Service Department has been assisting customers with our new online bill pay service. We currently have 726 customers on the new bill pay site (about 23% of active customers). Of those, 121 are using the auto pay feature.

MSC has 284 customers who are paying by ACH (bank draft from their checking account) which is approximately 9% of MSC customer base.

ACSM French attended the Customer Connections Conference in New Orleans, October 27th to the 30th and attended classes and was recognized for completion of the Key Accounts Program.

The CSD prepared monthly billing to customers.

Managers continue to discuss AMI and next steps.

The CSD had a table at the Goodwill Fire Company's Open House on Saturday, October 26, 2010. MSC gave out bags that included Efficiency Smart pamphlets and the kids enjoyed the items provided by DEMEC.

- **Accounting**

Accounting prepared the seven months ended October 31, 2019 workpapers and Financials Statements.

ACSM has begun preparing Operating Budgets for FYE 3-31-21

Accounting continues to work with the Electric and Water Departments to reconcile completed projects.

Accounting will provide a quarterly analysis of investments showing historical yields and presenting quarterly statements from Investment managers. Treasurer's monthly report will reflect the estimated yields for the individual investments not actual.

MUNICIPAL SERVICES COMMISSION
(A Component Unit of the City of New Castle)
COMBINING SCHEDULES OF REVENUES AND EXPENSES BY DEPARTMENT
FOR THE SEVEN MONTHS ENDING OCTOBER 31, 2019 AND 2018

| | Water Department | | Electric Department | | Total | |
|---|-------------------|------------------|---------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| OPERATING REVENUES: | | | | | | |
| User charges | 1,186,945 | 1,057,992 | 5,702,121 | 5,928,591 | 6,889,066 | 6,986,583 |
| City service charges | 11,166 | 11,166 | 27,398 | 29,550 | 38,564 | 40,716 |
| Free service | 4,333 | 2,411 | 23,438 | 23,923 | 27,771 | 26,394 |
| Miscellaneous | 8,887 | 24,803 | 35,966 | 34,459 | 44,853 | 59,262 |
| TOTAL OPERATING REVENUES | <u>1,211,331</u> | <u>1,096,372</u> | <u>5,788,923</u> | <u>6,016,523</u> | <u>7,000,254</u> | <u>7,112,895</u> |
| LESS: Free service | (2,245) | (3,025) | (2,162) | (2,442) | (4,407) | (5,467) |
| NET OPERATING REVENUES | <u>1,209,086</u> | <u>1,093,347</u> | <u>5,786,761</u> | <u>6,014,081</u> | <u>6,995,847</u> | <u>7,107,428</u> |
| PURCHASE OF POWER AND WATER PURCHASE OF POWER SUBSTATION | (12,860) | (15,166) | (3,513,936) | (3,727,513) | (3,526,796) | (3,742,679) |
| | | | (370,209) | (370,209) | (370,209) | (370,209) |
| OPERATING EXPENSES | (871,194) | (814,312) | (784,511) | (744,716) | (1,655,705) | (1,559,026) |
| GENERAL AND ADMINISTRATIVE EXPENSES | (241,327) | (207,019) | (388,357) | (340,290) | (629,684) | (547,309) |
| OPERATING INCOME | 83,705 | 56,850 | 729,748 | 831,353 | 813,453 | 888,203 |
| Capitalized Labor | 74,443 | | 117,100 | | 191,543 | |
| Capitalized Equipment | 25,273 | | 8,155 | | 33,428 | |
| OPERATING INCOME AFTER CAPITALIZED ITEMS | <u>183,421</u> | <u>56,850</u> | <u>855,003</u> | <u>831,353</u> | <u>1,038,424</u> | <u>888,203</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Investment Income | 3,548 | 3,388 | 21,258 | 23,732 | 24,806 | 27,120 |
| Investment expense | (299) | (372) | (1,693) | (2,106) | (1,992) | (2,478) |
| Grant income | - | 16,061 | - | - | - | 16,061 |
| Grant expense | - | - | - | - | - | - |
| Private developer contributions | - | - | - | - | - | - |
| Realized Gain/(Loss) on Sale of Investments | (2,274) | - | (12,887) | - | (15,161) | - |
| Realized Gain/(Loss) on Sale of Assets | 1,650 | - | 1,650 | - | 3,300 | - |
| Appropriations to the Mayor and Council of New Castle | | | | | | |
| Ordinary | (61,167) | (55,627) | (331,622) | (331,209) | (392,789) | (386,836) |
| City services | (15,231) | (12,617) | - | (4,364) | (15,231) | (12,617) |
| Special | - | (1,752) | (162) | - | (162) | (6,116) |
| Other | (950) | - | 0 | - | (950) | - |
| Unrealized Gains/(Losses) | 9,047 | (4,452) | 51,270 | (25,227) | 60,317 | (29,679) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(65,676)</u> | <u>(55,371)</u> | <u>(272,186)</u> | <u>(339,174)</u> | <u>(357,862)</u> | <u>(394,545)</u> |
| CHANGE IN NET POSITION | <u>\$ 117,745</u> | <u>\$ 1,479</u> | <u>\$ 582,817</u> | <u>\$ 492,179</u> | <u>\$ 700,562</u> | <u>\$ 493,655</u> |

MUNICIPAL SERVICES COMMISSION
(A Component Unit of the City of New Castle)
STATEMENTS OF NET POSITION
OCTOBER 31, 2019 AND SEPTEMBER 30, 2019

| | October 2019 | September 2019 |
|---|----------------------|----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,427,783 | \$ 2,210,564 |
| Investments | 1,193,373 | 1,192,608 |
| Accounts receivable, net | 753,526 | 953,589 |
| Grants receivable | - | - |
| Dividends receivable | 175 | 181 |
| Other receivables | 32,016 | 12,711 |
| Inventory | 701,673 | 717,197 |
| Prepaid expenses | 123,785 | 105,888 |
| Total Current Assets | <u>5,232,231</u> | <u>5,192,738</u> |
| Restricted Assets: | | |
| Cash and cash equivalents - restricted | \$ 740,119 | \$ 736,542 |
| Noncurrent Assets: | | |
| Land | 45,386 | 45,386 |
| Construction-in-progress | 1,052,697 | 904,901 |
| Property, plant and equipment | 23,974,765 | 23,973,852 |
| Less: Accumulated depreciation | (13,331,230) | (13,269,439) |
| Total Noncurrent Assets | <u>11,741,608</u> | <u>11,654,700</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows - pension | 200,878 | 200,878 |
| Deferred outflows - regulatory accounting | 2,520,036 | 2,520,036 |
| Total Deferred Outflows | <u>2,720,913</u> | <u>2,720,913</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 20,434,871</u> | <u>\$ 20,304,893</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | \$ 524,063 | \$ 607,292 |
| Accrued expenses | - | - |
| Payroll withholdings payable | 32,311 | 26,688 |
| Accrued wages | 62,066 | 50,626 |
| Accrued appropriations | 56,113 | - |
| Developer deposits | 17,183 | 17,163 |
| Other liabilities | 1,192 | 1,192 |
| Total Current Liabilities | <u>692,907</u> | <u>702,961</u> |
| Noncurrent Liabilities: | | |
| Escrow deposits | 4,479 | 4,475 |
| Customer deposits | 735,640 | 732,067 |
| Accrued compensated absences | 390,475 | 377,121 |
| Net pension liability | 985,895 | 984,955 |
| Total Noncurrent Liabilities | <u>2,116,489</u> | <u>2,098,618</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows - pension | 136,917 | 136,917 |
| NET POSITION | | |
| Net investment in capital assets | 11,741,608 | 11,654,700 |
| Unrestricted | 5,746,950 | 5,711,697 |
| TOTAL NET POSITION | <u>17,488,558</u> | <u>17,366,397</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u>\$ 20,434,871</u> | <u>\$ 20,304,893</u> |

MUNICIPAL SERVICES COMMISSION
(A Component Unit of the City of New Castle)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE SEVEN MONTHS ENDING OCTOBER 31, 2019 AND 2018

| | 2019 | 2018 |
|--|---------------|---------------|
| OPERATING REVENUES: | | |
| User charges | \$ 6,889,066 | \$ 6,986,583 |
| City service charges | 38,564 | 40,716 |
| Free service | 27,771 | 26,334 |
| Miscellaneous | 44,853 | 59,262 |
| TOTAL OPERATING REVENUES | 7,000,254 | 7,112,895 |
| LESS: Free service | (4,407) | (5,467) |
| NET OPERATING REVENUES | 6,995,847 | 7,107,428 |
| | | |
| PURCHASE OF POWER AND WATER | (3,526,796) | (3,742,679) |
| PURCHASE OF POWER SUBSTATION | (370,209) | (370,209) |
| | | |
| OPERATING EXPENSES | (1,655,705) | (1,559,028) |
| MISCELLANEOUS OPERATING EXPENSE | - | - |
| | | |
| GENERAL AND ADMINISTRATIVE EXPENSES | (629,684) | (547,309) |
| | | |
| OPERATING INCOME | 813,453 | 888,203 |
| Capitalized Labor | 191,543 | - |
| Capitalized Material | 33,428 | - |
| | 1,038,424 | 888,203 |
| OPERATING INCOME AFTER CAPITALIZED ITEMS | | |
| | | |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 24,806 | 27,120 |
| Investment expense | (1,992) | (2,478) |
| Grant Income | - | - |
| Realized Gain(Loss) on Sale of Investments | (15,161) | - |
| Realized Gain(Loss) on Sale of Assets | 3,300 | - |
| Appropriations to the Mayor and Council of New Castle: | | |
| Ordinary | (392,789) | (386,836) |
| City services | (15,231) | (12,617) |
| Special | (162) | (6,116) |
| Other | (950) | - |
| Unrealized gain (loss) | 60,317 | (29,679) |
| TOTAL NONOPERATING EXPENSES | (337,862) | (410,606) |
| | | |
| CAPITAL CONTRIBUTIONS | | |
| Private developer contributions | - | 16,061 |
| | | |
| CHANGE IN NET POSITION | 700,562 | 493,658 |
| | | |
| NET POSITION, BEGINNING OF YEAR | 16,787,996 | 15,866,654 |
| | | |
| NET POSITION, END OF YEAR | \$ 17,488,558 | \$ 16,360,312 |

MUNICIPAL SERVICES COMMISSION
(A Component Unit of the City of New Castle)
COMBINING SCHEDULES OF OPERATING EXPENSES BY DEPARTMENT
FOR THE SEVEN MONTHS ENDING OCTOBER 31, 2019 AND 2018

| | Water Department | | Electric Department | | Total | |
|---------------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| OPERATING EXPENSES: | | | | | | |
| Clothing allowance | \$ 2,134 | \$ 2,130 | \$ 5,749 | \$ 5,831 | \$ 7,883 | \$ 7,961 |
| Computer expense | 6,886 | 6,733 | 7,450 | 7,292 | 14,336 | 14,025 |
| Depreciation: | | | | | | |
| Plant and equipment | 209,419 | 208,457 | 117,543 | 110,421 | 326,962 | 318,878 |
| Trucks and autos | 14,646 | 9,143 | 43,392 | 36,788 | 58,038 | 45,931 |
| Employee benefits | 72,806 | 73,327 | 85,608 | 84,362 | 158,414 | 157,689 |
| Engineering fees | - | - | 239 | 393 | - | 589 |
| Equipment rental | 196 | 196 | 27,833 | 27,160 | 62,278 | 60,802 |
| Insurance | 34,445 | 33,642 | 29,180 | 25,898 | 55,134 | 48,571 |
| Payroll taxes | 25,954 | 22,673 | 41,858 | 43,740 | 86,846 | 89,765 |
| Pension expense | 44,988 | 46,025 | 276 | 2,307 | 1,236 | 4,213 |
| Plant materials and supplies | 960 | 1,906 | 612 | - | 1,679 | - |
| Professional Fees | 1,067 | - | - | - | - | - |
| Repairs and maintenance: | | | | | | |
| Buildings and grounds | 4,609 | 4,609 | 1,844 | 1,844 | 6,453 | 6,453 |
| Hydrants, mains, and valves | 2,875 | 15,032 | - | - | 2,875 | 15,032 |
| Lines and poles | - | - | 3,915 | 6,477 | 3,915 | 6,477 |
| Meters and services | 2,776 | 4,166 | (2,356) | (420) | 420 | 3,745 |
| Pumping stations | 15,518 | 25,078 | - | - | 15,518 | 25,078 |
| Street lights | - | - | 1,104 | - | 1,101 | - |
| Substations | - | - | 1,937 | 3,608 | 1,937 | 3,608 |
| Storm Damage | - | - | 185 | 3,251 | 185 | 3,251 |
| System Maintenance | - | - | - | - | - | - |
| Salaries and wages | 364,397 | 315,448 | 387,950 | 345,446 | 752,347 | 660,894 |
| Safety expense | 385 | 514 | 285 | 1,627 | 670 | 2,141 |
| Sampling and testing | 3,415 | 3,169 | 3,552 | 3,758 | 6,967 | 6,927 |
| Security | - | - | 510 | (2) | 510 | (2) |
| Seminars/Training | 1,266 | 428 | 1,031 | 937 | 2,297 | 1,365 |
| Obsolete Inventory | - | - | - | - | - | - |
| Equipment < \$5000 | 9,292 | 13,151 | 10,742 | 2,200 | 20,034 | 2,200 |
| Tools & Equip Supplies | 9,967 | 12,387 | 9,796 | 16,434 | 19,763 | 28,821 |
| Truck expense | 16,221 | 16,098 | 4,279 | 4,372 | 20,500 | 20,470 |
| Utilities | - | - | - | - | - | - |
| Water Treatment Supplies | 26,972 | - | - | - | 26,972 | - |
| TOTAL OPERATING EXPENSES | \$ 871,194 | \$ 814,312 | \$ 784,511 | \$ 744,716 | \$ 1,655,705 | \$ 1,559,028 |

MUNICIPAL SERVICES COMMISSION
(A Component Unit of the City of New Castle)
COMBINING SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES BY DEPARTMENT
FOR THE SEVEN MONTHS ENDING OCTOBER, 2019 AND 2018

| | Water Department | | Electric Department | | Total | |
|--|------------------|----------------|---------------------|----------------|-------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| GENERAL AND ADMINISTRATIVE EXPENSES: | | | | | | |
| Administrative | \$ 10,765 | \$ 11,044 | 14,585 | 14,291 | 25,350 | \$ 25,335 |
| Bad debts | 1,310 | 133 | 12,185 | 3,361 | 13,495 | 3,494 |
| Clothing | 450 | 497 | 549 | 607 | 999 | 1,104 |
| Computer expense | 10,107 | 9,670 | 12,352 | 11,818 | 22,459 | 21,488 |
| Depreciation - furniture and fixtures | 9,947 | 8,714 | 17,113 | 17,773 | 27,060 | 26,487 |
| Dues and subscriptions | 2,899 | 2,692 | 1,821 | 1,592 | 4,720 | 4,284 |
| Employee benefits | 22,459 | 16,500 | 33,257 | 29,799 | 55,716 | 46,299 |
| Insurance | 8,584 | 8,379 | 9,580 | 9,338 | 18,164 | 17,717 |
| Key/Accounts | 136 | 136 | 166 | 166 | 302 | 302 |
| Office salaries | 119,067 | 94,841 | 202,167 | 169,081 | 321,234 | 263,922 |
| Office supplies | 9,259 | 9,265 | 14,343 | 13,250 | 23,602 | 22,515 |
| Payroll taxes | 8,877 | 7,276 | 15,131 | 12,909 | 24,008 | 20,185 |
| Pension expense | 13,985 | 12,286 | 26,649 | 25,003 | 40,634 | 37,289 |
| Professional fees | 12,055 | 11,995 | 14,492 | 14,728 | 26,547 | 26,723 |
| Fees and Permits | | | | | | |
| Repairs and maintenance - equipment/building/grounds | 2,781 | 3,460 | 3,399 | 4,228 | 6,180 | 7,688 |
| Security system | 1,310 | 1,197 | 1,601 | 1,462 | 2,911 | 2,659 |
| Telephone | 5,114 | 6,622 | 6,250 | 8,093 | 11,364 | 14,715 |
| Training - administrative | 1,554 | 1,740 | 1,900 | 2,091 | 3,454 | 3,831 |
| Utilities and other expenses | 668 | 708 | 817 | 866 | 1,485 | 1,574 |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | 241,327 | 207,019 | \$ 388,357 | 340,290 | \$ 629,684 | 547,309 |

ELECTRIC DEPARTMENT COMMISSION REPORT

November 25, 2019

Prepared by Scott Blomquist on November 18, 2019

1. Developer Projects:

a. Sheriffs House:

I. There is nothing to update on this project.

b. 6 Merit Drive:

I. Merit Construction would like to get electric to the new pole building they constructed at 6 Merit Drive. Manager Blomquist is working with their Electrician to determine what is needed for the location.

2. Capital Projects:

a. Van Dyke Village:

- I. Conduit has been installed to the 4th transformer location and the electric crew is currently installing to the 5th transformer location. As the weather has been decent they wanted to get as much digging completed as they could before the weather gets bad.
- II. Blacktop was replaced at the location where the complaint was. Manager Blomquist met with the customer after and reviewed the work. The customer was happy with the repairs.

b. Wilmington Rd Substation:

- I. There has been no work on the fence over the last month.
- II. There is nothing to update on the new camera installation at this time.

3. Capital Purchases:

a. Dump Truck:

I. There is nothing to update for this purchase.

MUNICIPAL SERVICES COMMISSION
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P.O. BOX 208

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Office: 302 323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

ELECTRIC DEPARTMENT COMMISSION REPORT

November 25, 2019

Prepared by Scott Blomquist on November 18, 2019

4. **Operations:**

a. **Outages :**

I. We had one outage over the last month. On 11/01/19 a branch broke during the wind in the back of Casimir Drive. 60 Customers were affected for 2 hours and 58 minutes.

II. 11/01/2018 – 11/01/2019

| SAIDI (minutes) | SAIFI (number of interruptions) | CAIDI (minutes) | ASAI (percent) |
|----------------------------|--|----------------------------|---------------------------|
| 17.205 | 0.159 | 108.01 | 99.99 |
| | | | |

SAIDI - is the average outage duration for each customer served.

SAIFI - is the average number of interruptions that a customer would experience.

CAIDI - gives the average outage duration that any given customer would experience.

ASAI - is the Average Service Availability Index.

5. **Repairs and Maintenance:**

a. **Wilmington Road Substation:**

I. The Electric Department performed the monthly inspection at this location.

II. We are still working with Ametek to decide the appropriate fix for the annunciator at this location. We have 2 options at this point. We can pull the annunciator and send it back to the manufacture and have them diagnosis and correct the issue. We don't have a cost for this option as they don't know the extent of the correction. The other option is to replace the annunciator. The cost to replace in kind is \$13,800.00. We had the Manufactures rep here and we went through the current functions we use and he was able to price a replacement annunciator that had fewer options but still did everything we currently

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ELECTRIC DEPARTMENT COMMISSION REPORT

November 25, 2019

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needed. The cost for this option is \$9624.00. Manager Blomquist will discuss the options with GM Patone and make a decision on how to proceed.

- III. ABB has been slow to respond to our request for a Return Material Authorization. Manager Blomquist spoke to our Manufactures Rep and reiterated our need to get the relay sent back to be diagnosed
- b. **Dobbinsville Substation:**
 - I. The Electric Department performed the monthly inspection at this location.
 - II. We had Southern States in to replace the Interrupters on the Circuit Switcher at this location. During third party testing it was deemed that the switcher would not interrupt fault current at the magnitudes we could see if we had our Substation Transformer experience an internal fault. We had purchased the Switcher to interrupt a 40 KA fault which is the available current on Delmarva's Transmission at our Dobbinsville location. The third party testing reduced this to 20 KA. Southern States provided replacement interrupters at no cost and sent a tech to install. We provided labor and equipment to assist with the repairs.
6. **Safety:**
 - I. As we have struggled to keep Safety Meetings meaningful to the crew, Manager Blomquist and Supervisor Granger are looking to get better material for safety meetings.
 - II. Daily tailgate forms are filled out and turned in with work orders.
7. **Delaware Street Rehabilitation City:**
 - I. Managers Guyer and Blomquist attended a meeting with Delmarva Gas regarding this project. Delmarva would like to upgrade their gas mains and services to their higher pressure system. They are working to get the project designed and plan to get it installed before the City repaves in late spring.

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ELECTRIC DEPARTMENT COMMISSION REPORT

November 25, 2019

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8. Training:

- I. Manager Blomquist attended the Customer Connections Conference in New Orleans with GM Patone and Manager French.
- II. Staff attended a site visit at the Town Of Seaford to look at their AMI system. We provided Seaford with a list of questions before we went and they answered our questions when we were there. They spoke about their experience throughout the process.
- III. GM Patone and Manger Blomquist attend a class at DEMEC regarding Electric Vehicles. The intention of the class was to get you thinking about electric vehicles and the affect they have on your utility.

9. Electric Vehicle Program:

- I. GM Patone and Manager Blomquist would like to start a program that offers a rebate to customers that decide to purchase an EV. The desire of this program is to get customers to reach out to the MSC when they purchase an EV and provide the MSC with the requirements of the charging system they would purchase. There are 2 levels of chargers that are available for residential installations. The level 1 charger is a slow charger and uses power from a normal 15 amp outlet. The level 2 charger is a dedicated 50 amp charging circuit. There is a concern that if multiple customers on the same transformer add level 2 chargers to their residence we could very quickly have an over loading condition of the transformer. Our thoughts are to provide a small rebate to encourage the customers to reach out to us which will then allow us to track the installations and let us be aware of locations that there is potential to have an over loading condition.

10. Capital Budget:

- I. GM Patone, Manager Guyer, and Manager Blomquist have been working on the 5 year capital plan. The following are items related to the electric department.
 - i. Vandyke Village – request to fund the third year of this project in the amount of \$265,709.52. This is the third of three years we had for the funding of this project.
 - ii. Skid Steer – In the past we have used the City’s skid steer on many projects. This year the City decided to make this piece of equipment surplus so that they could trade it to

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ELECTRIC DEPARTMENT COMMISSION REPORT

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the City of Newark for a garbage truck. This leaves us without this equipment. We would like to purchase a skid steer. The amount we would like to put on the capital budget is \$54,000.00.

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Water Department Commission Meeting Report

November 25, 2019

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1. Projects

A. Riverbend Subdivision

1. Riverbend was flushed on October 24th and November 19th to maintain the required Chlorine Residual. Flushing on the 24th was part of the Fall Hydrant Flushing program and will not be billed.

B. Water Metering

1. Meter reading was completed on November 12th. Water Operators followed up on water check reads and missed reads as needed.

C. Cross Roads Well – Penn Farm

1. WUM Guyer followed up with DNREC Water Allocations Branch manager Bill Cocker in reference to our Allocation Permit Application. The internal review process has been initiated and assigned to a hydrologist. They will follow up with WUM Guyer by November 22nd on the Application.

D. The Garrison Apartment Complex – 7th Street

1. The updated punch list of water items to be corrected was sent to the contractor and developer for completion. WUM Guyer followed up with Pennrose and SB Conrad who will advise when the punch list items are completed. WUS Jaeger will start final billing and reconciliation when the punch list is completed.

E. Delaware Street Cleaning and Lining - 3rd to 6th Street

1. WUM Guyer contacted DeIDOT in reference to completing the paving / restoration of the 6th and Delaware Street intersection. DeIDOT agreed to delay the paving and restoration until the Spring of 2020. WUM Guyer discussed the paving with the City and their contractor and the feasibility of utilizing them to perform the milling and paving. WUM Guyer is reviewing budget vs. actual costs for project reconciliation.
2. WUM Guyer and EUM Blomquist attended a meeting with the City and DeIDOT Traffic on November 19th to discuss the traffic signal replacement for the intersection of 6th and Delaware Street. The work is currently scheduled to be completed in the Spring of 2020. WUM Guyer discussed plans for paving / restoration of the intersection and questioned

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Water Department Commission Meeting Report

November 25, 2019

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if DelDOT would be willing to share in the cost since they have to open trench around the intersection to install conduits for the new signals. They will review internally and follow up.

F. Delmarva Power Gas Main Installation

1. Brandywine Construction Company, Inc. (BCCI) continues installation of the Delmarva Power gas main along RT-273 at the intersection of Basin Road. On November 14th while BCCI was working around the 4" domestic water Service for First Baptist Church (FBC), the pipe developed a leak. BCCI notified MSC, performed the repair following our standards, and provided bottled water to FBC. MSC flushed the water service and collected a bacteria sample for rush testing which was absent. MSC communicated the results to the principle at FBC. MSC will continue to monitor the installation to ensure no water related issues arise.

G. Del DOT – SR 9 / SR 273 Delaware Street Railroad Crossing Safety Improvements

1. WUM Guyer was updated on this DelDOT project by their engineer Jon Hermes of Century Engineering. The project is still in the design and planning phase and is included in the state's budget which starts July 1, 2020. DelDOT is waiting on Norfolk Southern (NS) to commit to budgeting in 2020 for the project. If NS commits to the project, DelDOT would schedule the Project to start after the July 4th Holiday. When DelDOT moves forward with this project some water main work will need to be performed to avoid conflicts with the RR track work. The final scope of the water main work will need to be defined and agreed upon. Century engineering will forward the most recent set of plans and schedule a meeting to start discussing the water main work and how to approach it.

H. Delaware Street Repaving – City Project

1. WUM Guyer and EUM Blomquist met with the City and their Engineer in reference to the revised scope of work for the Delaware Street repaving project. They advised Delaware Street from 5th to 6th has been surveyed for possible inclusion in the paving project. No final decisions have been made on the final scope from the Wharf to 5th Street. Delmarva Gas was in attendance to discuss gas main and service replacement from The Strand to 4th Street to continue converting their system from low pressure to high pressure. Delmarva is starting the engineering and will plan to coordinate work with the City Contractor to meet the City deadline of having paving completed by the end of May. The next meeting is scheduled for the December 5th for planning purposes.

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November 25, 2019

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I. Interconnection Room Re-piping

1. MSC Water Operators are cleaning and prepping the newly installed pipe and components for painting. Keystone Engineering completed the SCADA integration for the new Sodium-Hexametaphosphate chemical feed for running the 40HP pump. All scenarios for using the 40HP for pumping to MSC or Artesian were tested.

J. New Townhomes by Cirillo Brothers

1. WUM Guyer has nothing to update on this project.

K. AMI Metering Project – American Municipal Power, Inc.

1. GM Patone and the management team continue discussions in reference to AMI Metering and the AMP solution. WUM Guyer and WUS Jaeger have followed up with the Brandon Poddany discussing the AMP AMI metering solution and options for the best approach to implementing our system. We have researched meter performance to establish thresholds for complete meter replacement vs. retrofits and pit / vault mounting options. WUM Guyer is working on meter and AMI module counts for having AMP update our proposal.

L. Carrie Downie Elementary School

1. WUM Guyer and WUS Jaeger met with Ted Lambert from Colonial School District in regards to discolored water within the school and their plan for moving forward. Mr. Lambert is working with the Delaware Department of Health (DPH) to meet standards and continues to supply the students with bottled water. They are proposing to the DPH a plan to install a temporary filter on the water service and to replace the water service from the main into the school in the summer of 2020. Mr. Lambert has agreed to keep MSC updated on their progress and actions.

2. Operations

A. Outages and Reporting

1. There were no planned and one unplanned water outage for the month of October 2019. The unplanned outage occurred on October 25th as a result of a 6” water main break on West 13th Street. The outage lasted 4 hours 40 minutes and affected 36 customers.

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Water Department Commission Meeting Report

November 25, 2019

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2. Waste Management Minquadale Landfill - WUM Guyer has no update on the landfill permit modification. Waste Management has filed a lawsuit against New Castle County in reference to their recently passed legislation limiting landfill heights to 140 feet in the County. WUM Guyer is drafting letters to DNREC Water Supply Section and ODW outlining MSC's concerns of possible contamination to the Potomac Aquifer regardless of whether or not the permit is approved.
3. Vessel #1 Carbon Change Out – Calgon Carbon is scheduled to change out the spent carbon in Vessel #1 on December 3rd and slurry in 40,000lbs of pH Stabilized Filtasorb 400 Carbon.
4. ATSDR Testing in New Castle County – MSC received an email from the Karl Markiewicz of the ATSDR advising they completed PFAS sample collection in New Castle County on October 26, 2019. They had 216 participants, collected 214 blood and 216 urine samples, and collected tap water and dust samples from 13 homes. They expect participants will receive their individual test results by early 2020 and will be holding several informational presentations about the status of the project.
5. Delaware Department of Natural Resources and Environmental Control (DNREC) completed their Semi Annual Potomac sampling of our wells checking water quality parameters including Sodium. Results will be forwarded for our records when they are logged into their system.
6. WUM Guyer was contacted by our New Castle County Local Emergency Planning Committee (LEPC) representative for our biennial inspection. The LEPC Site assessment was completed and submitted including our Emergency Response Plan. WUM Guyer and WUS Jaeger met with our representative on November 13th at School Lane Treatment Facility. A follow up letter from our representative was received advising MSC is in conformance with LEPC standards with no recommendations.
7. GM Patone received a FOIA request from Sophia Schmidt of Delaware Public Media requesting PFAS water test results from 2009. The request was reviewed, discussed, and responded to on November 12th with the requested information including a cover letter.
8. One or Two Water Operators have been working daily with the Electric Linemen on the Van Dyke Underground Conversion running equipment, installing conduits, paving, and finishing concrete.

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Water Department Commission Meeting Report

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B. System Repairs and Maintenance

1. School Lane Well Rehabilitation – AC Schultes (ACS) mobilized to the site on October 31st and removed the column and pump assembly. During removal, it was observed that the bowl assembly bolts had severely corroded and allowed the bowl assemblies to start separating. ACS returned on November 7th and performed the down well TV inspection. WUM Guyer received a copy of the TV inspection, the well redevelopment and pump rehab proposals and is reviewing the options.
2. On Friday, October 25th at 4:00pm, MSC Water Operators mobilized and repaired a water main break at 707 West 13th Street. The crew removed approximately 5' of pipe that had pin holes along the bottom of the main. The outage lasted 4 hours 40 minutes and affected 36 customers on 13th Street between Linden and Oak Streets. 2 Linemen assisted the 3 water operators with the repair.
3. The fire hydrant at 2nd and Delaware Street was repaired on October 16th.
4. Water Operators started the Fall Fire Hydrant Flushing Program on October 21st and completed on October 29th. All hydrants were inspected and flushed and dead ends blown off. No hydrant issues to report and a total of 1,243,120 gallons of water loss was recorded.
5. 6 Merit Drive - Water operators inspected the new water service that was installed from the meter pit into the new building on the property. The installation was observed to be installed in conformance with MSC Technical Water Specifications.
6. 20 Arbutus Avenue - Water operators inspected the new water service that was installed from the curb stop into the new house being built on the property. The installation was observed to be installed in conformance with MSC Technical Water Specifications.

C. Budgets and Grants

1. Water Infrastructure Advisory Council (WIAC) Grants – WUS Jaeger continues working with RKK representatives reviewing the database to determine what data will be needed for the asset management plan. WUM Guyer and Bruce Jones, P.E. of RKK Engineering discussed the revised Scope of Work so he could update the schedule and work flow sheet. The next phase of the schedule is to start migrating MSC data to the ESRI, Inc. Local Government Model starting on November 29th. RKK plans to have weekly internal meetings and bi-weekly meetings / conference calls with MSC for updates. The next meeting is tentatively scheduled for Friday, November 22nd.

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Water Department Commission Meeting Report

November 25, 2019

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2. WUM Guyer and EUM Blomquist have been meeting with GM Patone to update the 5 year capital budget and prepare our FYE 3-31-2021 Capital Budget. WUM Guyer and WUS Jaeger have been working on the Capital Budget reviewing projects, updating costs from contractors/suppliers, and developing costs for proposed projects.
3. WUM Guyer and WUS Jaeger have started working on the Operations & Maintenance Budget for FYE 3-31-2021.

D. Equipment

1. The new T-9 Dump Truck – the chassis has been delivered to the body manufacturer for the dump body to be installed. The truck is scheduled for an early December delivery.
2. WUM Guyer and EUS Blomquist discussed replacing the meter reading Van T-3 with a pickup truck that would be assigned to Water Operations. The estimated cost of this truck is \$40,000.00 and could be utilized by both departments. Water Operations currently has 6 employees and only 4 trucks which forces Operators to share a truck which can be inefficient. The plan would be to assign the current T-14 Utility Truck to a Water Operator and have the new T-3 pickup truck be used by WUM Guyer and WUS Jaeger. This Purchase is being included in this year's Capital Budget for consideration.

E. Personnel and Training

1. No personnel issues to report at this time.
2. WUM Guyer and WUS Jaeger attended an EPA Webinar in reference to the new America's Water Infrastructure Act of 2018 which requires community systems to complete a Risk and Resilience Assessment and develop an Emergency Response Plan per the revised standards. MSC must submit certification to EPA that both items have been completed by June 30, 2021 and December 30, 2021 respectively.

F. Safety

1. MSC Water Operators and Facility Person hold daily morning tailgate talks discussing jobs/tasks to be performed that day, potential issues or hazards to be considered, and safety concerns.
2. MSC Water Operators and Facility Person continue with Safety Training utilizing the 2019 AWWA 52 Safety Talks Manual, AWWA Support videos, and other supplemental materials.

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Water Department Commission Meeting Report

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3. Reporting Agencies

A. WSCC - Water Supply Coordinating Council

1. Scheduling of the next WSCC sub-committee meeting to evaluate the Northern Delaware Drought Operating Guidelines is pending.
2. The next meeting is scheduled for January 30, 2020.

B. WRA – Water Resource Agency

1. WUM Guyer is sending weekly pump data to Jerry Kauffman of University of Delaware Water Resource Agency (WRA).

C. DEWARN – Delaware Water/Wastewater Agency Response Network

1. The next DEWARN meeting date is to be determined.

D. Water Operator Advisory Council Meeting

1. The next meeting is scheduled for December 5, 2019.

E. Miss Utility of Delmarva Monthly Meeting

1. The next meeting is scheduled for November 14, 2019 at Chesapeake Utilities in Dover DE.

End of Report

Attachments: October 2019 Water Works Report
October 2019 Water Outage Tracking Sheet